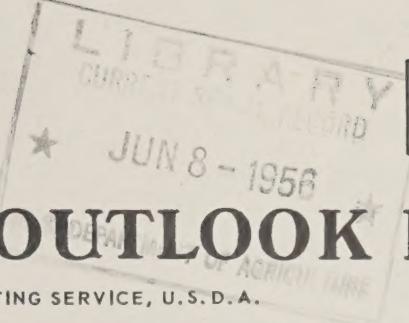


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The AGRICULTURAL OUTLOOK DIGEST

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The two year expansion in hog production is about ended.

The U. S. spring pig crop is being reduced more than the 2% planned last December, according to reports from farmers in 9 States. Reports also point to a smaller crop this fall than last.

Slaughter of hogs will be down to last year's level sometime after mid-summer. It will be below a year earlier in the fall when this spring's crop is being marketed. This situation indicates that hog prices this fall will not drop as low as last year. The decline in the last half of 1955 -- in dollars or percent -- was the sharpest on record.

Fewer fed cattle than last year, more cattle off grass are in prospect the remainder of 1956. Farmers are feeding fewer cattle than last spring and they are likely to sell them at lighter weights. Prices are likely to continue gradually upward, reaching year earlier levels in late summer or fall.

Large supply of feeder stock, low returns from cattle feeding last winter have weakened demand for feeders. Price spreads between the higher and lower grades of cattle in the fall are likely to be wider than last year.

Farmers are selling fewer cows for slaughter than last year. With the breeding herd being maintained, cattle production will continue heavy for some time.

DAIRY PRODUCTS. Farmers will receive more from sales of milk and butterfat this year than last. Production this year is likely to top the 1955 total of 123 1/2 billion pounds by 3 to 4 billion. Prices also will be up. The Government has raised its purchase prices for butter and cheese and Class I prices for fluid milk have been raised in several markets.

FATS AND OILS. The market for oil and oilseeds is strong. Soybean prices in mid-May were over a fourth above a year earlier and flaxseed was up about 15%. The edible vegetable oils, tallow and grease are all higher than last year and lard has strengthened. Large exports are the main factor.

EGGS AND POULTRY. The hatch of replacement chicks for laying flocks this spring is showing only a small increase over 1955. Rising feed costs are probably the principal reason why the gain is smaller than indicated earlier. Since farmers have more old hens to replace than last year, the laying flock next January 1 probably will be close to a year earlier. Broiler and turkey production continues to run well ahead of last year.

FEED. Corn and many other feeds reached the highest price levels of the season in recent weeks. Market supplies of corn are likely to become tight before harvest because of the large quantity under the support program. Increased supports for 1956 corn, prospects for reduced acreages, unfavorable weather also have tended to boost feed prices.

WHEAT. Prospects for the winter crop were reduced during April. Estimated crop of 681 million bushels is 25 million bushels less than in 1955. If yields for spring wheat are average on the acreage farmers intended to plant in March, 188 million bushels would be produced. The total of 869 million would be the smallest wheat crop in 13 years and less than is likely to be used in the U. S. and exported.

FRUIT. The early peach crop in southern States is again below average but far above last year's near failure. Strawberry production this year is expected to be up 23% from 1955. In California, large crops of plums and prunes are expected but the apricot crop will be down sharply from last year.

VEGETABLES. Canners and freezers are planning a larger pack this year than last. Acreage of 9 vegetables processors intend to contract or plant is up 8%. Supplies of most processed vegetables are smaller and prices higher than in 1955.

Early May reports indicate the tonnage of vegetables for fresh market this spring will be up about 2% from last spring, 14% from average. Prices to farmers probably will average a little lower.

Fewer potatoes will be marketed in late spring and early summer than a year ago and prices are likely to average substantially higher.

COTTON. Prices have been rising steadily for several months. The April average for middling 15/16 inch at the 14 spot markets was 35.50 cents, 2.57 cents above the season's low of October. Domestic consumption continues to run ahead of last year while exports lag far behind.

TOBACCO. Cigarette output in the first quarter of 1956 was ahead of the same period of 1955 by 5%. Cigar output also was up but smoking tobacco production was down. Output of chewing tobacco and snuff was about the same.

PRICES. Prices received by farmers moved up an average of 4% from last December to mid-April. Livestock products, paced by meat animals, showed the largest increase but crops also averaged higher. Feed grains, potatoes, soybeans and several other products continued to rise in central markets in the last month.

Prices paid by farmers also have risen a little since December. Farmers' prices in April were 82 percent of parity compared with 80 in December.

Wholesale prices for nearly all major groups of commodities are moving upward. But consumer prices generally continue stable.